مجموعة موانئ أبوظبي
AD PORTS GROUP

AD Ports Group Delivers Record Q3 2023 Results with Net Profit of AED 403 Million, up 20% YoY

- *Q3 2023 Revenue grew by 189% YoY to AED 4.24 billion, driven by Noatum consolidation as well as the Maritime & Shipping and EC&FZ clusters (+113% YoY on a LFL basis)*
- *Q3 2023 EBITDA increased 28% YoY to AED 759 million (+2% on a LFL basis), implying an EBITDA margin of 17.9%*
- *Q3 2023 Total Net Profit increased 20% YoY to AED 403 million*
- *Continued strong volume growth: +19% YoY for Container volumes, +25% YoY for General Cargo volumes, +651% YoY for Ro-Ro volumes, +30% YoY for Feedering Container volumes, +5% YoY and -28% YoY for Ocean and Air Freight volumes, and +10% YoY for Polymers volumes*
- *In EC&FZ, 0.4 sq km (net) of new land leases were added during the quarter while warehouse leases soared 66% YoY*
- *Freight rates normalised close to pre-COVID19 levels in H1 2023 and have been consolidating since then, although better-than-expected global macro data and renewed geopolitical tensions have resulted in pockets of strengths lately*

Abu Dhabi, UAE – 14 November 2023: AD Ports Group today announced its financial results for the third quarter of 2023, reporting revenue growth of 189% YoY to AED 4.24 billion, which included the effect of M&A activity and notably Noatum's Logistics, Maritime, and Ports businesses. Revenue growth reached 113% YoY on a LFL basis, excluding effect from M&A activity.

Four of the five clusters - Logistics, Maritime & Shipping, Ports, and EC&FZ - were key growth drivers of the top line, with 546%, 264%, 71%, and 20% YoY performance, respectively.

AD Ports Group Q3 2023 EBITDA rose by 28% YoY to AED 759 million, largely supported by the acquisition of Noatum and Karachi Gateway Terminal (+2% YoY on a LFL basis). Higher contributions from the relatively lower-margin Maritime & Shipping and Logistics businesses resulted in further EBITDA margin dilution to 17.9% for the quarter vs. 40.5% in Q3 2022. The Group maintains its EBITDA Margin guidance of 25-30% in the medium term as it expects the revenue mix to continue to rebalance while it continues to invest heavily, both organically and inorganically, in the foreseeable future. The Group also expects its operating profitability to rebalance as it gradually delivers on extracting synergies from densifying our vertically integrated ecosystem and scaling up operations.

The Maritime & Shipping Cluster remained the Group's biggest revenue contributor and has become the largest EBITDA contributor too, accounting for 56% and 33% in Q3 2023, respectively, benefiting from Noatum Maritime contribution and opportunistic vessel trading activities.

Total Net Profit surged by 20% YoY to AED 403 million in Q3 2023, in line with EBITDA performance.

The Group's negative Net Operating Cash Flows of AED 579 million were impacted by a temporary deterioration in working capital in relation with the vessel trading activities. The Group expects Net

Operating Cash Flows to recoup this negative performance in Q4 2023 when the associated cash collection takes place.

The Group's Capital Expenditures (CapEx) reached AED 800 million in Q3 2023, putting the total year-to-date outlay at AED 3.65 billion, in line with our front-loaded AED 15 billion capex programme between 2023 and 2027 (five-year period).

Net Debt to EBITDA ratio stood at 4.0x at the end of Q3 2023 for the exact same reasons mentioned above to explain the Net Operating Cash Flows performance, i.e. the temporary impact from vessel trading activities. The Group expects leverage to normalise in the last quarter of the year.

Captain Mohamed Juma Al Shamisi, Managing Director and Group CEO, AD Ports Group, said: "AD Ports Group has achieved remarkable growth in Q3 2023, underpinned by our strategic M&A activities and our strong relationships with diverse local economies, looking beyond traditional terminal operations and toward collaborations. The robust top-line growth not only reflects our efforts to develop new trade routes, strengthen service offerings to our key trading partners, and invest in our key customers in global supply chains, but also stands as a clear indicator of our effective diversification strategy and operational excellence. It is clear that, despite geopolitical headwinds and challenges presented by shifting global supply chains, with the support of our wise leadership, our ambitious global growth trajectory is reshaping the industry landscape and delivering superior value to our stakeholders."

Martin Aarup, Group Chief Financial Officer, AD Ports Group, said: "Our financial results for Q3 2023 underscore the strength and resilience of AD Ports Group's diversified business model, buoyed by a substantial increase in YoY revenue. Despite the EBITDA margin dilution due to the lower margin of Maritime & Shipping and Logistics businesses, our focused approach on vertical integration and operational scaling is yielding positive results. The temporary dip in Net Operating Cash Flows is related to our strategic investments and vessel trading activities and we anticipate a normalisation in our leverage and a rebound in cash flows in Q4. Our continued focussed investments, both organically and inorganically, align with our long-term vision to enhance shareholder value and our commitment to the diversification of the UAE's economy. These strategic alignments, coupled with our prudent financial management, position us exceptionally well for sustained success and profitability in the evolving economic landscape."

The Maritime & Shipping Cluster reported another impressive performance, with revenue growth of 264% YoY to AED 2.44 billion (+232% YoY on LFL basis), primarily driven by opportunistic vessel trading activities in the shipping segment, and by the marine services segment, which included the consolidation of Noatum's Maritime business. Feedering container volumes continued to be strong, with +30% YoY, driven by capacity increases.

The Economic Cities & Free Zones Cluster reported a 20% YoY growth to AED 443 million (-7% YoY on a LFL basis), mainly driven by KEZAD Communities, warehouse leases and utilities. An additional 0.4 sq km (net) of new land leases were added in Q3 2023, taking the total year-to-date new land leases to 2.0 sq km and the total land leased under the EC&FZ Cluster to 66.5 sq km. Both KEZAD Communities and warehouse revenue performances were primarily driven by higher utilisation. The LFL performance was impacted by lower utilisation of the Razeen staff accommodation as it ceased to be used for COVID-19 isolation and quarantine purposes from Q1 2023 onwards. Since then, the Razeen facilities have been gradually ramping-up occupancy, but commanding lower rates.

The Ports Cluster reported Q3 2023 revenue growth of 71% YoY to AED 487 million (+8% YoY on a LFL basis). Operational KPIs were once again supportive, with container volumes growing 19% YoY (+17% YoY on a LFL basis) to 1.36 million TEUs (twenty-foot equivalent units) on the back of both higher capacity (with KGTL and Noatum) and improved overall container utilisation to 56%, up from 54% in the base quarter. Ro-Ro volumes soared 651% (+49% YoY on a LFL basis) while general cargo volumes increased 25% (+6% YoY on LFL basis).

The Logistics Cluster transformed to be a global player following the completion of the Noatum acquisition, with revenue increasing more than fivefold to AED 852 million (+4% YoY on a LFL basis). In terms of operational KPIs, Ocean Freight volumes were up 5% YoY, Air Freight volumes declined 28% YoY, and Polymers volumes grew 10% YoY.

The Digital Cluster reported an 11% YoY increase to AED 100 million (+5% YoY on a LFL basis), supported by 7.73 million revenue-generating single window transactions and rate increases for certain services. The drop in Q3 2023 volumes was the result of lower services to internal stakeholders.

In early October, Noatum announced the acquisition of Sesé Auto Logistics for a total purchase consideration (Enterprise Value - EV) of EUR 81 million. The transaction is expected to be completed by Q1 2024, subject to regulatory approvals.

Sesé Auto Logistics is engaged in road and rail transport logistics of light and heavy vehicles, operating from five main European countries, namely Spain, Germany, Poland Czech Republic, and Hungary, with a fleet of over 200 trucks that cover more than 30 million kilometres annually across Europe. The company serves leading Original Equipment Manufacturers (OEMs), including Renault, Stellantis, Mazda, Daimler, BMW, PSA and MAN, among others.

The acquisition of Sesé Auto Logistics is a perfect illustration of AD Ports Group’s vertical integration strategy, aiming at offering a comprehensive solution in the key industries and geographies it focuses on, including the European automotive industry. This acquisition will allow Noatum Automotive to cover the entire logistics value chain, from transport to distribution and final delivery of vehicles to customers. It will also generate significant synergies with Noatum’s port terminals business in Spain, offering an integrated logistics solution that will reinforce Noatum Automotive’s services for OEMs and other stakeholders and thus allow to capture a bigger share of their wallet and a higher value of their supply chain requirements.

Noatum also announced the divestment of its 27.9% minority share in Barcelona Container Depot Service Group (BCDS), a company specialised in storage, maintenance, repair, and cleaning services of dry and reefer containers as well as ISO tanks, which resulted in a one-off gain of AED 39 million booked in Q3 2023. Another one-off gain related to grant amortization was booked during the quarter with a positive impact of AED 92 million, while the exact same total amount of AED 131 million was recorded as one-off losses, mainly from increased pension liability and deferred tax liability as per new UAE CT law, which yielded to a perfectly neutral impact on the bottom line.

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Last week, AD Ports Group acquired 10 offshore vessels for around AED 735 million (USD 200 million), boosting its offshore & subsea capabilities in the Middle East and Southeast Asia by around 20%. All 10 vessels are expected to be delivered in Q4 2023 with financial consolidation taking place from Q1 2024 onwards. AD Ports Group will take over well-established contracts with blue chip clients in the O&G industry, National Oil Companies, and International Oil Companies in the Middle East and Southeast Asia. The transaction supports AD Ports Group’s strategy to continue to balance its portfolio of Maritime businesses with assets and services exposed to different market forces and cycles, thereby limiting its performance volatility, amidst forecasts of an upward trend in the offshore O&G market over the medium-long term.

As for GFS acquisition, AD Ports Group still expects to close the transaction by the end of the year, with financial consolidation taking place from Q1 2024 onwards.

AD Ports Group’s financial statements are available on its website, accessible at: https://www.adportsgroup.com/en/investors.

Summarised Consolidated Financial Results

AED m	Q3 2022	Q2 2023	Q3 2023	Q3 2023 vs. Q3 2022	9M' 2022	9M' 2023	9M 2023 vs. 9M 2022
Revenue	1,466	2,060	4,235	189%	3,755	8,112	116%
EBITDA [1)]	594	686	759	28%	1,650	2,144	30%
EBITDA Margin %	40.5%	33.3%	17.9%	-22.6%	43.9%	26.4%	-17.5%
Total Net Profit	334	310	403	20%	941	1,075	14%
Attributable to the owners of the company	314	286	381	21%	917	998	9%
Non-controlling interests	20	24	22	8%	24	78	230%
Reported EPS (AED) [2)]	0.06	0.06	0.07	21%	0.19	0.20	3%
Total Assets	36,658	49,515	52,202	15,545	36,658	52,202	15,545
Total Liabilities	17,375	26,953	28,967	11,593	17,375	28,967	11,593
Total Equity	19,283	22,562	23,235	3,952	19,283	23,235	3,952
Cash Flow from Operations	730	508	(579)	-	1,254	263	-79%
CapEx	(1,629)	(1,836)	(800)	-51%	(4,198)	(3,652)	-13%
Cash Flow from Investing Activities	(1,016)	(3,616)	(822)	-	(4,687)	(5,316)	-
Free Cash Flow (FCFF)	(285)	(3,108)	(1,401)	-	(3,434)	(5,053)	-
Net Debt [3)]	3,422	9,577	11,393	7,971	3,422	11,393	7,971
Net Debt / EBITDA (x) [3)]	1.6	3.5	4.0	2.4	1.6	4.0	2.4
Return on Average Capital Employed - RoACE (%) [4)]	7.7%	4.8%	6.5%	-120bps	7.7%	6.5%	-120bps

1) EBITDA is calculated by taking net profit and adding depreciation and amortization, finance costs, impairment of investment properties and subtracting government grants, fair value gain on pre-existing interest in a joint venture and finance income

2) Based on the weighted average number of shares for the period

3) Net debt is calculated as total borrowings (including bank overdrafts and bond issues), excluding payables to ZIF project companies, less cash and bank balances

4) Return on Average Capital Employed (RoACE) is defined as earnings before interest and impairment divided by average opening annual balance and period end balance of equity and external borrowings (excluding lease liabilities) less cash, and excluding government grants, where earnings are annualized based on the YTD results for the respective period

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About AD Ports Group:

Established in 2006, AD Ports Group today serves as one of the world's premier facilitators of logistics, industry, and trade, as well as a bridge linking Abu Dhabi to the world. Listed on the Abu Dhabi Securities Exchange (ADX: ADPORTS), AD Ports Group's vertically integrated business approach has proven instrumental in driving the emirate's economic development over the past decade.

Operating several clusters covering Ports, Economic Cities & Free Zones, Maritime & Shipping, Logistics, and Digital, AD Ports Group's portfolio comprises 30+ ports and terminals, and more than 550 square kilometres of economic zones within KEZAD Group, the largest integrated trade, logistics, and industrial business grouping in the Middle East.

AD Ports Group is rated A+ by S&P and A+ Outlook Stable by Fitch.

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